

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02 OMB-01

IO-14 OIC-04 PC-10 DRC-01 /201 W
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R 182004Z MAR 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 0376

UNCLAS SECTION 1 OF 2 QUITO 1806

E.O. 11652: N/A

TAGS: ETRD, IA-ECOSOC, EC

SUBJECT: SCCN AD HOC TRADE GROUP MEETING

REF: STATE 51990

1. DURING OPENING SESSION THIS MORNING, U.S. DELEGATES MADE
FOLLOWING STATEMENTS:

FIRST STATEMENT: IN MY FIRST REMARKS TO THIS MEETING, I INTEND
ONLY TO TRY TO CONVEY TO YOU THE SENSE OF OUR COMMITMENT TO
WORK WITH YOU ON TRADE QUESTIONS. MR. O'MAHONY, WHO IS MORE
OF A SPECIALIST IN THESE MATTERS THAN I, WILL THEN HAVE A MORE
DETAILED PRESENTATION TO MAKE.

2. SECRETARY KISSINGER IN MEXICO, ON A NUMBER OF OCCASIONS,
BOTH IN HIS FORMAL STATEMENT AND IN ANSWER TO QUESTIONS,
DEFINED OUR INTENTIONS ABOUT TRADE IN THE NEW SPIRIT OF OUR
RELATIONSHIP.

3. QTE. IN THE SAME SPIRIT WE RENEW OUR COMMITMENT TO THE
SYSTEM OF GENERALIZED TARIFF PREFERENCES. WE SHALL STRONGLY
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SUPPORT THIS LEGISLATION. ONCE IT IS ENACTED, WE WILL CONSULT

CLOSELY WITH YOU ON HOW IT CAN BE MOST BENEFICIAL TO YOUR NEEDS. UNQTE.

4. THE UNITED STATES WILL TAKE LATIN AMERICAN PRIORITIES EXTREMELY SERIOUSLY. THE UNITED STATES WILL SUPPORT WHERE POSSIBLE, LATIN AMERICAN REQUESTS FOR INCLUSION OF PRODUCTS IN OUR PRODUCT LIST.

5. WE ENVISAGE THIS PROCESS AS CONSISTING OF A NUMBER OF STEPS. MR. O'MAHONY WILL GO INTO THIS IN MORE DETAIL, WITH SUGGESTIONS AS TO HOW BEST TO PREPARE FOR THIS PROCESS, WITH SPECIFIC SUGGESTIONS ABOUT YOUR PRODUCT LIST.

6. THE DECLARATION OF TLATELOLCO SAYS, ON THIS POINT "MAKE MAXIMUM EFFORTS TO SECURE PASSAGE OF THE LEGISLATION ON THE SYSTEM OF GENERALIZED PREFERENCES DURING THE PRESENT SESSION OF CONGRESS, AND THEN WORK WITH THE OTHER COUNTRIES OF THE HEMISPHERE TO APPLY THESE PREFERENCES IN THE MOST BENEFICIAL MANNER."

7. THIS IS THE GOAL, AND WE WILL WORK WITH YOU TO TRY TO ACHIEVE IT.

8. SECOND STATEMENT: MR. CHAIRMAN. I APPRECIATE THIS OPPORTUNITY TO PROVIDE A FEW REMARKS ON BEHALF OF MY DELEGATION. FIRST LET ME STATE THAT MY DELEGATION IS PLEASED TO HAVE THE OPPORTUNITY TO SPEND A SECOND WEEK OF "ETERNAL SPRING" IN THIS SEPCTACULAR CITY. THIS GROUP MEETS AT AN EXCITING AND CHALLENGING TIME. WE ARE AT A TURNING POINT IN MUTUAL TRADE RELATIONS, NOT ONLY BETWEEN THE UNITED STATES AND LATIN AMERICA, BUT IN MUTUAL TRADE AMONG ALL COMUNTRIES OF THE WORLD. IN THE SPIRIT OF TLATELOLCO, AND I AM DELIGHTED TO ADD ALSO IN THE SPIRIT OF QUITO, WE ARE DETERMINED TO DEAL WITH OUR MUTUAL TRADE PROBLEMS COOPERATIVELY AND IN A SPIRIT OF SOLIDARITY.

9. EARLIER THIS MONTH IN MY COUNTRY SENATE FINANCE COMMITTEE HEARINGS BEGAN ON THE TRADE REFORM ACT. THE PROPOSALS IN THIS BILL LOOK TOWARD THE DEVELOPMENT OF A MORE OPEN, NON-DISCRIMINATORY, AND FAIRER WORLD ECONOMIC SYSTEM. ENACTMENT OF THIS LEGISLATION WILL GIVE THE UNITED STATES AUTHORITY TO PARTICIPATE IN THE MULTILATERAL TRADE NEGOTIATIONS WHICH WE ANTICIPATE WILL LEAD UNCLASSIFIED

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TO A BETTER WORLD TRADING SYSTEM THROUGH THE REDUCTION OF TARIFF AND NON-TARIFF BARRIERS TO TRADE. WE ALSO EXPECT TO BUILD A MORE EQUITABLE WORLD TRADING SYSTEM THROUGH SOME REFORM OR AMENDMENT OF EXISTING RULES AND PRACTICES. FINALLY WE AIM TO OPEN FURTHER THE WORLD TRADING SYSTEM TO ENCOMPASS ALL AREAS OF THE WORLD BY ENABLING MORE RAPID EXPANSION OF MUTUALLY BENEFICIAL TRADE OPPORTUNITIES WITH DEVELOPING NATIONS AND WITH COUNTRIES THAT NOW DO NOT RECEIVE MOST-FAVORED NATION

TARIFF TREATMENT BY THE UNITED STATES.

10. SINCE THE TRADE BILL WAS FIRST INTRODUCED, THERE HAVE BEEN MAJOR UPHEAVALS IN THE INTERNATIONAL ECONOMY. SOME PEOPLE HAVE QUESTIONED WHETHER THE TRADE NEGOTIATIONS ARE STILL APPROPRIATE IN VIEW OF THE PRESSING PROBLEMS MANY NATIONS NOW FACE WITH RESPECT TO ENERGY AND CERTAIN RAW MATERIALS. THE TESTIMONIES OF SECRETARY KISSINGER AND OTHER ADMINISTRATION WITNESSES ON THE TRADE BILL EARLIER THIS MONTH EXPRESS THE VIEW OF THE UNITED STATES GOVERNMENT -- IT IS THAT, IF ANYTHING, THESE NEGOTIATIONS ARE NOW MORE IMPORTANT THAN EVER. WE, OF COURSE, KNOW THAT AS A CONSEQUENCE OF THE ENERGY CRISIS VARIOUS NATIONS HAVE BEEN TEMPTED TO ATTEMPT TO RESOLVE THEIR EXTERNAL FINANCIAL AND SUPPLY PROBLEMS UNILATERALLY OR BILATERALLY. THIS RAISES THE GENERAL QUESTION OF THE RIGHTS AND OBLIGATIONS OF BOTH CONSUMING AND PRODUCING COUNTRIES IN THE AREA OF SCARCE RESOURCES. THIS SUBJECT WILL NEED TO BE CONSIDERED EXTENSIVELY DURING THE SENATE HEARINGS, AND BY THE NATIONS OF THE WORLD.

11. THE WORK OF THE TRADE NEGOTIATIONS IS BEGINNING SLOWLY -- THAT IS APPROPRIATE AT THIS STAGE. BUT IT IS DEFINITELY GOING FORWARD. COMMITTEES ON TROPICAL PRODUCTS, AGRICULTURE, NON-TARIFF BARRIERS AND TARIFFS HAVE ALREADY BEGUN TO MEET. THERE IS A LOT OF PRELIMINARY WORK THAT THESE COMMITTEES WILL HAVE TO DO BEFORE ACTUAL HARD BARGAINING BEGINS. IT IS ESSENTIAL THAT THIS WORK CONTINUE DURING THE PRESENT PERIOD IF WE ARE TO COMPLETE THE NEGOTIATIONS NEXT YEAR AS ENVISIONED. IT CAN PROCEED, AS IT HAS, PRIOR TO THE PASSAGE OF OUR TRADE BILL.

12. WE PREVIOUSLY PARTICIPATED IN TWO MEETINGS OF THIS TRADE GROUP ON MATTERS RELATING TO THE MULTILATERAL TRADE NEGOTIATIONS. THESE SESSIONS HAVE BEEN USEFUL TO US AS A MEANS FOR EXCHANGING VIEWS AND INFORMATION WITH OUR LATIN AMERICAN AND CARIBBEAN
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PARTNERS. THIS FORUM, WE BELIEVE, CAN CONTINUE TO BE USEFUL TO US ALL IN HELPING TO ARRIVE AT COMMON POSITIONS AS MIGHT PROVE APPROPRIATE FOR THE NEGOTIATIONS, AS WELL AS
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R 182004Z MAR 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 0377

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14. ONE OF THE TOPICS OF PARTICULAR INTEREST TO THIS GROUP IS THE PROPOSED GENERALIZED TARIFF PREFERENCES SYSTEM OF THE UNITED STATES. AS YOU KNOW, THE DRAFT TITLE ON GSP WAS APPROVED BY THE HOUSE OF REPRESENTATIVES AS PART OF THE TRADE BILL WITHOUT STRONG OPPOSITION OR EXPRESSION OF RESERVATIONS. FOLLOWING SENATE FINANCE COMMITTEE HEARINGS, THE SENATE AS A WHOLE WILL CONSIDER THE BILL. WHEN THE BILL HAS PASSED THE SENATE, A CONFERENCE COMMITTEE WILL MEET TO WORK OUT WHATEVER DIFFERENCES MAY EXIST BETWEEN THE HOUSE AND SENATE VERSIONS OF THE DRAFT LAW. WE ARE, AS I AM CERTAIN YOU UNDERSTAND, UNABLE TO FORECAST WHAT ACTIONS MIGHT BE TAKEN DURING THE COURSE OF SUCH REMAINING CONGRESSIONAL CONSIDERATION. WE, HOWEVER, SHARE YOUR HOPE THAT CONGRESS WILL GIVE ALL PORTIONS OF THE BILL, INCLUDING GENERALIZED TARIFF PREFERENCES, EARLY AND FAVORABLE CONSIDERATION.

15. BEFORE US AT THIS MEETING WE HAVE A COMPREHENSIVE LIST PREPARED BY THE SECRETARIAT OF LATIN AMERICAN EXPORTS WHICH ARE SAID TO FACE TARIFF AND NON-TARIFF BARRIERS IN THE UNITED STATES MARKET. WE HAVE REVIEWED THIS LIST CAREFULLY. WE RECOGNIZE AND APPRECIATE THE VALUE OF THE WORK WHICH HAS GONE INTO ITS PREPARATION. WE INTEND TO MAKE GOOD USE OF THE INFORMATION
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THAT HAS BEEN DEVELOPED. WE WOULD, HOWEVER, LIKE TO SEE EFFORTS MADE TO ORGANIZE THE LIST SO THAT PRODUCTS OF PRIORITY IMPORTANCE TO THE LATIN AMERICAN AND CARIBBEAN COUNTRIES ARE IDENTIFIED. THIS ADDITIONAL ANALYSIS WOULD GREATLY IMPROVE THE LIST'S USEFULNESS TO THE UNITED STATES GOVERNMENT AND, I BELIEVE, TO YOUR GOVERNMENTS AS WELL. THE LIST, I BELIEVE, ALSO WOULD BE OF MUCH MORE VALUE TO YOUR GOVERNMENTS, PARTICULARLY FOR THE PURPOSES OF THE MULTILATERAL TRADE NEGOTIATIONS, IF IT INCLUDED INFORMATION ON TARIFF AND NON-TARIFF BARRIERS WHICH YOUR PRODUCTS FACE IN OTHER DEVELOPED COUNTRY MARKETS. THE TRADE GROUP MIGHT CONSIDER THE UTILITY OF THE DEVELOPMENT OF GUIDELINES FOR A REVISION OF THE LIST TO REFLECT SUCH CONSIDERATIONS.

16. UPON PASSAGE OF LEGISLATION AUTHORIZING THE ESTABLISHMENT OF A SYSTEM OF GENERALIZED PREFERENCES BY THE UNITED STATES, THE EXECUTIVE AGENCIES OF MY GOVERNMENT WILL SUBMIT A LIST OF PRODUCTS TO THE TARIFF COMMISSION, AN INDEPENDENT AGENCY, FOR ITS ADVICE WITH REGARD TO INCLUSION OF THESE COMMODITIES IN OUR SYSTEM OF GENERALIZED PREFERENCES. THE COMPOSITION OF THE LIST MAY BE INFLUENCED BY CHANGES, SHOULD THEY OCCUR, IN THE TRADE BILL. THEREFORE, WE ARE NOT IN A POSITION TO DESCRIBE OUR LIKELY PRODUCT LIST UNTIL WE KNOW THE EXACT PROVISIONS OF THE AUTHORIZING LEGISLATION. I AM CERTAIN YOU UNDERSTAND THE REALITY OF THIS SITUATION. WE NEVERTHELESS HAVE UNDER PRELIMINARY EXAMINATION PRODUCTS AND PRODUCT CATEGORIES THAT MIGHT BE ELIGIBLE IN LIGHT OF THE PROVISIONS OF THE BILL CURRENTLY BEING CONSIDERED. THE WORK IS NOT COMPLETED, AND WILL NOT BE COMPLETED UNTIL AFTER THE LEGISLATION IS ENACTED. IN THIS ONGOING WORK WE ARE TAKING INTO ACCOUNT TO THE BEST WE ARE ABLE THE IMPORTANCE OF POTENTIAL ITEMS TO THE ECONOMIC INTERESTS OF THE LATIN AMERICAN-CARIBBEAN REGION AND OTHER DEVELOPING AREAS. WE ALSO MUST CONSIDER THE PROBABLY IMPACT OF PREFERENCES ON OUR DOMESTIC ECONOMY. WHILE CONSIDERATION OF THE DOMESTIC IMPACT OF SPECIFIC PREFERENCE PROPOSALS MUST REMAIN LARGE-LY AN INTERNAL DELIBERATION, WE WILL RELY HEAVILY ON THE INFORMATION AND ADVICE WE RECEIVE FROM FOREIGN GOVERNMENTS CONCERNING THEIR NEEDS AND PREFERENCES. WE WILL DISCUSS WITH YOU IN OUR FUTURE CONSULTATIONS ANY ASPECT OF THESE CONSIDERATIONS.

17. I REPEAT WHAT SECRETARY KISSINGER SAID: "THAT WE WILL SUPPORT, WHERE POSSIBLE, LATIN AMERICAN REQUESTS FOR
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ADDITION TO OUR PRODUCT LIST." HOW CAN THIS BEST BE DONE? PERHAPS, AS I HAVE HEARD SUGGESTED, WE CAN AGREE TO THE ESTABLISHMENT OF A TECHNICAL WORKING PARTY TO REVIEW YOUR PRIORITY REQUESTS FOR INCLUSION OF SPECIFIC ITEMS IN OUR GSP. THIS GROUP, IF YOU CONSIDER IT DESIRABLE TO ESTABLISH IT, COULD MEET IN WASHINGTON AFTER THE TRADE BILL IS SIGNED INTO LAW. I SUGGEST WASHINGTON BECAUSE TO CONSULT EFFECTIVELY REGARDING THE PARTICULARS OF YOUR EXTENSIVE AND VARIED TRADE INTERESTS WILL REQUIRE READY ACCESS TO A VAST VOLUME OF STATISTICAL AND OTHER INFORMATION AND TO NUMEROUS PRODUCT SPECIALISTS SCATTERED THROUGHOUT OUR GOVERNMENT, ONLY VERY SMALL PORTIONS OF WHICH COULD BE TRANSPORTED ABROAD. PRESUMABLY BY THE TIME SUCH A GROUP WOULD MEET, THE PRESENT LIST WOULD HAVE BEEN RESTRUCTURED TO REFLECT YOUR PRIORITIES. I VISUALIZE THAT AT THE INITIAL SESSION OF SUCH A TECHNICAL WORKING PARTY WE FOR OUR PART WOULD REQUEST YOUR REPRESENTATIVES TO TELL US WHAT CONSIDERATIONS LIE BEHIND YOUR HIGHER PRIORITY PRODUCT DESIGNATIONS. UNITED STATES MEMBERS OF THE WORKING GROUP WOULD, IF YOU LIKE, EXPLAIN WHY TARIFFS AND OTHER TRADE RESTRICTIONS ARE IN EFFECT ON PARTICULAR PRODUCTS, AND DISCUSS THE PROBLEMS, DOMESTIC OR OTHERWISE, WHICH MIGHT ARISE IF PARTICULAR ITEMS WERE TO BE LIBERALIZED UNDER GSP.

THIS WOULDN'T BE A BARGAINING SESSION; IT WOULD BE EDUCATIONAL
IN INTENT AND COULD PROVE HIGHLY VALUABLE, I BELIEVE, TO US ALL.

18. SUCH AN EXCHANGE ON THE TECHNICAL LEVEL WOULD REQUIRE
CAREFUL PARTICIPATION BY ALL PARTICIPANTS. BUT IT IS WORK THAT
SHOULD BE PERFORMED. IT COULD HELP US, FOR EXAMPLE, IN DETERMINING
WHAT PRODUCTS TO INCLUDE IN THE LIST TO BE SENT TO THE TARIFF
COMMISSION. TARIFF COMMISSION ADVICE WILL BE IMPORTANT TO OUR
EXECUTIVE AGENCIES, BUT IT SHOULD BE EMPHASIZED THAT THE
LIST SENT TO THE TARIFF COMMISSION IS NOT NECESSARILY A FINAL
LIST OF ELIGIBLE PRODUCTS. THE COMPOSITION OF THE
LIST OR LISTS OF PRODUCTS THAT WILL ACTUALLY BE DESIGNATED
AS ELIGIBLE UNDER OUR GSP WILL BE BASED UPON THE ADVICE OF THE
TARIFF COMMISSION AS TO THE ANTICIPATED ECONOMIC EFFECT ON
DOMESTIC PRODUCERS, UPON INFORMATION AND ADVICE FROM OTHER
GOVERNMENT AGENCIES AND UPON THE RESULTS OF PUBLIC HEARINGS.
MANY CONSIDERATIONS ARE INVOLVED; ALL ARE IMPORTANT.

19 A WORKING PARTY OF THIS KIND SHOULD MEET YOUR DESIRE IN
SUBSTANTIAL PART FOR CONSULTATIONS REGARDING OUR PRODUCT
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DESIGNATIONS UNDER GSP, AND IT SHOULD DEVELOP INFORMATION WE
BOTH CAN BENEFIT FROM THAT OTHERWISE MIGHT NOT BE SO COMPLETELY
MADE AVAILABLE TO ALL OUR GOVERNMENTS. IF YOU DECIDE AFFIRMATIVELY
ON THE ESTABLISHMENT OF THIS WORKING PARTY WE WOULD OFFER TO
PROPOSE MEETING DATES FOR YOUR APPROVAL AFTER OUR TRADE BILL
BECOMES LAW. MEANWHILE TO FACILITATE PLANNING, WE WOULD
APPRECIATE INDICATIONS OF THE LEVEL AND NUMBER OF OFFICIALS THE
LATIN AMERICAN COUNTRIES PROBABLY WOULD SEND TO WASHINGTON FOR
THE INITIAL MEETING. THANK YOU MR. CHAIRMAN.
BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, TRADE PROMOTION, COMMITTEE MEETINGS, TRADE CONTROLS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO01806
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740335/aaaabgwe.tel
Line Count: 312
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 51990
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 11 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 JUL 2002 by elbezefj>; APPROVED <10 DEC 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SCCN AD HOC TRADE GROUP MEETING
TAGS: ETRD, US, EC, IA-ECOSOC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005